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25XT

NSC BALKFING

SOUTH VIETNAM

I. Dissentient with President Diem's continuing dictatorial rule is potential threat to stability of South Vietnamese Government.

A. Criticism of Diem's authoritarianism increasing among influential Vietnamese, including members his own cabinet, who formerly supported President unwaveringly.

B. Diem is isolated from public by dependence on tight circle of advisers, headed by his brother Ngo Dinh Nhu.

1. Nhu, widely feared and hated, also heads elite Cao Lau party, which controls all political activity in South Vietnam.

2. Police-state methods of Cao Lau and activities of its covert branches have caused much resentment within government.

D. 2.

1. While army considered loyal, there is bitterness among some officers over political interference and favoritism.

2. \* Diem's preoccupation with internal security to detriment of economic progress, coupled with heavy-handed police measures, is also engendering resentment among populace.

1. This plays into hands of Vietnamese Communists who appear to be stepping up their clandestine activities aimed at toppling Diem.

\* [yesterday's briefing note included statement discounting likelihood of such a coup. We prefer that this discounting be repeated, rather than leave hangover.]